

Michigan Department of Community Health
Bureau of Health Systems
Division of Nursing Home Monitoring
P.O. Box 30664
Lansing, MI 48909

Surety Bond for Patient Trust Funds Held by a Nursing Home

KNOW ALL PERSONS BY THESE PRESENTS

THAT _____ of _____
as Principal and _____, a
surety company organized under the laws of the State of _____ and
licensed to do business in the State of Michigan, as Surety, are held and firmly bound unto
the Director of the Department of Community Health of the State of Michigan
and successors in said office in the total penal sum of _____ dollars
(\$_____) lawful money of the United States of America, for which sum well and
truly to be paid said Principal and Surety bind themselves, their heirs, executors,
administrators, successors and assigns, jointly and severally firmly by these presents.

A. **WHEREAS**, the above named Principal is, or the operator of, a nursing home as defined in Act 368 of the Public Acts of Michigan, 1978, as amended, as such is a licensee or licensee-applicant under said Act 368, as amended, and

B. **WHEREAS**, said Act 368 as amended, and administrative rules appurtenant thereto, requires each licensee or licensee-applicant to provide a bond insuring the Department of Community Health, for the benefit of patients in an amount equal to not less than 1 1/4 times the average balance of patient funds held during the previous year or, in the case of applicants for new licenses, not less than 1 1/4 times the average balance estimated by the Department to be held by the facility in the first year.

NOW, THEREFORE, the condition of this obligation is such that if the above named Principal shall:

- 1) Well and truly hold separately and in trust all patients' funds deposited with Principal as, or as the operator of, a nursing home
- 2) shall administer said funds on behalf of said patients in the manner directed by the depositors thereof; and,
- 3) shall render true and complete accounts to the patients, the depositors and the Obligee when requested; and,

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4) upon termination of each said deposit, shall account for all funds received thereunder, expended and held on hand, then this obligation shall be null and void, otherwise to remain in full force and effect.

This bond is executed and accepted subject to the following conditions:

1. The Director of the Department of Community Health or, with his/her written consent, any aggrieved patient or depositor, may maintain in his/her own name, an action on this bond, to recover for Principal's alleged breaches of the condition hereof, in any Court of competent jurisdiction in the State of Michigan.
2. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the limit of Surety's liability hereunder, as specified herein or in any amendatory rider made a part hereof, shall not be cumulative from year to year, period to period or license to license.
3. The liability of Surety hereunder shall never exceed the amount of the total sum of this bond, regardless of the number of claimants hereunder, and when Surety shall have paid that amount, whether in one payment or the aggregate of several payments for, upon or by reason of one or several breaches of the Condition hereof, the liability of Surety shall immediately cease and determine.
4. This bond shall apply only to patients' funds held by said Principal on, or at any time after, the effective date hereof, and before the effective date of termination hereof, as hereinafter provided.
5. This bond shall be effective as of 12:01 a.m. of _____ and shall continue in full force and effect until terminated either by:
 - (a) release by the Director of the Department of Community Health, or
 - (b) cancellation by either Principal or Surety, to be effected by the giving of sixty (60) days' notice in writing by Certified United States Mail to the other party and to the Director of the Department of Community Health.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and

seals this _____ day of _____, 20_____.

By: _____

By: _____

Attorney-in-Fact